



United States Senate
**Committee on Small Business
and Entrepreneurship**

Olympia J. Snowe, Chair

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**SNOWE INTRODUCES NEW EXPANDED BILL TO HELP HURRICANE
VICTIMS**

*The Small Business Hurricane Relief and Reconstruction Act of 2005 Builds
On Previous Proposal*

WASHINGTON, D.C. - In her capacity as Chair of the Senate Committee on Small Business and Entrepreneurship, U.S. Senator Olympia J. Snowe (R-ME) today announced that she has introduced the Small Business Hurricane Relief and Reconstruction Act of 2005, legislation that builds on her previous proposal to provide immediate and meaningful relief to hurricane victims. The Act is co-sponsored by Ranking Member John Kerry (D-MA), Senator David Vitter (R-LA), Senator Mary Landrieu (R-LA), Senator Jim Talent (R-MO), Senator Edward Kennedy (D-MA), Senator John Cornyn (R-TX) and Senator Evan Bayh (D-IN).

"Congress must continually assess the damage and destruction wrought by Hurricanes Katrina and Rita," stated Senator Snowe. "The challenges are unprecedented, and the hardest work is still ahead. This legislation builds on a previous proposal and will enhance the resources of the Small Business Administration so it can better help the people of the Gulf area once again see their businesses prosper."

The provisions incorporated in the Small Business Hurricane Relief and Reconstruction Act of 2005:

- * Allow recipients of disaster loans to increase the size of their loan if the additional amounts are spent on mitigation efforts, such as sea walls, storm shutters, or drainage systems. This provision was suggested by the Bush Administration in its proposal to rebuild the Gulf Coast region.
- * Permit the SBA to offer Economic Injury Disaster Loans to small businesses throughout the country if the businesses suffered direct adverse economic impacts from the two hurricanes. The SBA offered these loans nationwide after the 9-11 terrorist attacks.
- * Protect future borrowers in the SBA's business loan programs from paying higher fees to compensate the Federal government for any defaults of *current* borrowers. SBA business loan programs utilize fees to pay for all or part of the programs' costs, and those businesses that

default because of the hurricanes would not be included in the calculation of future program costs.

- * Restore anti-fraud protections and competitive opportunities for small business by abolishing the \$250,000 “micro-purchase” threshold, which allowed low-level Federal officials to make credit card purchases without normal contracting safeguards. Micro-purchases will be strictly limited to between \$2,500 and \$15,000 for catastrophic events.

- * Increase the number of federal contracts provided to small businesses for rebuilding.

Small Business Administration Disaster Loan Program

- * Allow borrowers to defer the repayment of SBA disaster loans up to 12 months.

- * Increase the maximum size of an SBA disaster loan from \$1.5 million per loan to \$10 million per loan.

- * Refinancing of debt.

- * Permit non-profit institutions to apply for disaster loans.

- * Establish an extended period of one year for applying for disaster loans.

- * Appropriate \$86 million to increase SBA disaster loans by \$600 million, from \$3.4 billion to \$4.0 billion for FY 2006.

- * Create a pilot program to assist small businesses and farms to cope with rapid increase in energy costs.

SBA Entrepreneurial Development Program

- * Authorize the appropriation of funds for Small Business Development Centers (SBDC), Women’s Business Centers and Veteran’s Business Centers.

- * Authorize the SBA Administrator to waive the \$100,000 maximum for SBDC portability grants.

SBA 7(a) and 504 Business Loan Programs

- * Increase the authorization for the 7(a) Program from \$17 billion to \$27 billion.

- * Increase the authorization for the 504 Program from \$7.5 billion to \$12.5 billion.

- * Allow the SBA to defer repayments owed to the SBA by borrowers in the SBA’s 504 Loan Program.

- * Offer 7(a) Program Business Loans with lower fees to small businesses adversely impacted by the hurricanes.

Small Business Contracting Provisions

* Designate the Hurricane Katrina disaster area as a HUBZone, which would enable small businesses to receive contracting preferences and price evaluation preferences to offset greater costs of doing business.

* Increase maximum size of SBA's surety bonds guarantee from \$2 million to \$5 million to open more projects to small businesses.

* Direct the SBA, and the Directors of Small and Disadvantaged Business Utilization to create a contracting outreach program for small businesses located or willing to locate in the Katrina disaster area.

* Promote job creation and economic development by imposing a goal of 30 percent of prime contracts and 40 percent of subcontracts on all Katrina-related procurements for small businesses.

Grants to States Damaged by Hurricane Katrina

* Authorizes a grant of \$450 million, combined, to all five States that suffered physical damage from Hurricane Katrina: Louisiana, Mississippi, Alabama, Texas, and Florida. The Department of Commerce would administer the grants, and states that suffered from Hurricane Katrina would have discretion to use the grants as they choose. One use could be to provide "bridge loans" to homeowners or businesses while they wait for their SBA disaster loans to be reviewed.

The Senate approved by a vote of 96-0 a Snowe amendment to the Commerce-Justice-Science Appropriations bill to provide \$595 million to aid Hurricane Katrina's victims. Senator Snowe then introduced S. 1724 as a free-standing bill to ensure that aid reaches Katrina victims as soon as possible. The provisions in S.A. 1717 are identical to the provisions in S. 1724.

"I will continue to work with my fellow Senators, the Bush Administration and Congressional leadership to find the most efficient and effective ways to help small businesses confront their extraordinary challenges," stated Senator Snowe. "I have toured the Gulf region from both the air and on the ground, and saw firsthand the horror left behind. Without question, the damage from Hurricanes Katrina and Rita will be prevalent long after the floodwaters recede and the levees are reconstructed."

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